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Bermuda

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I. General

1. Bermuda[1] is located in the western part of the Atlantic Ocean about 917 kilometres east of Cape Hatteras on the North Carolina coast of the United States of America.

2. The Territory has a total area of 53.35 square kilometres and consists of 150 islands and islets extending from north-east to south-west along the edge of an extinct, submarine volcano. Many of the islands are connected and rise above sea level to an average height of 30 metres and a maximum elevation of 86 metres. The terrain is generally hilly, with fertile depressions and some marshy areas. The largest island is about 22.5 kilometres long and 3.2 kilometres wide. It covers an area of about 3,650 hectares, consisting mostly of a fertile, shallow valley.

3. According to the latest estimates, the population of Bermuda totalled 61,121 as of 1995.

II. Constitutional and political developments

A. General

4. It will be recalled that the Constitution of Bermuda, adopted in June 1968 and amended in 1973, 1979 and 1989, contains provisions relating to the protection of fundamental rights and freedoms of the individual; the powers and duties of the Governor; and the composition, powers and procedures of the Legislature, the Executive, the judiciary and the public service.

5. The Government of Bermuda consists of a Governor, a Deputy Governor, a Cabinet and a bicameral Legislature comprising a Senate and a House of Assembly. The Governor, appointed by the Queen, is responsible for defence, external affairs, internal security and the police. The Governor has delegated some responsibilities in these areas to the territorial Government. In exercising his reserved powers, the Governor is required to consult with the Governor's Council, of which he is Chairman, and of which the Premier and two or three Cabinet ministers nominated by the Premier are members (see also para. 34 below). The Premier and his Cabinet, through the Legislature, have full responsibility for the Government, except where restricted by the Governor's reserved powers. The Secretary of the Cabinet, appointed by the Governor in accordance with a recommendation of the Premier, heads the public service and also acts as Secretary to the Governor's Council.

B. Political parties and elections

6. There are three political parties in the Territory: the United Bermuda Party (UBP), the National Liberal Party (NLP) and the Progressive Labour Party (PLP).

7. In the most recent general election in Bermuda, held on 5 October 1993, UBP won a majority of 22 seats in the territorial Legislature and PLP obtained 18 seats.

III. Activities related to the withdrawal of military bases

8. Information on activities related to the withdrawal of the military bases during 1993 and 1994 is contained in previous working papers on the Territory prepared by the Secretariat (A/AC.109/1189, paras. 31-35, and A/AC.109/2020, paras. 10 and 11). It will be recalled that in October 1995, Mr. Grant Gibbons, the Minister of Finance, announced the closure of the following military bases and/or installations in the Territory: the United States Naval Air Station at St. David's, the United States Naval Annex and Tudor Hill facility at Southampton; and the former Canadian Forces Station at St. Daniel's Head. He warned that the withdrawal of those military bases would result in an annual loss by the Territory of approximately US$ 50 million in the foreign currency earnings that had originated from the operation of those bases. The Minister further unveiled a long-term plan for the utilization of the land transferred to the jurisdiction of the territorial Government as a result of those closures. The plan includes the following development projects: a golf course and other tourism-related developments, a commercial fisheries centre, a technology park, an educational and research centre, a public marina and recreation facilities. It is expected that the implementation of the plan could create an additional 3,000 jobs in Bermuda. The Bermuda Land Development Company, a quasi-government agency, will manage and finance the projects.

IV. Economic conditions

A. General

9. Bermuda has no natural resources in the conventional sense upon which to build a viable economy. It has capitalized historically on its location and scenic beauty and has developed a renowned tourist industry, which continues

to be an important component of the territorial economy. The international business industry also makes an important contribution to the economy of Bermuda, bringing in large amounts of foreign currency. Other earnings are derived from shipping, investment income and other goods and services.

10. Manufacturing and agriculture exist on a limited scale and therefore contribute little to the economy of Bermuda. The local manufacturing sector includes printing, fish processing and ship repair, as well as the manufacture of paint. In recent years, there have been attempts to attract high-technology companies to Bermuda in an effort to develop in the Territory a centre for information technology. Agricultural activity is constrained by the small amount of land available for farming.

11. According to the administering Power, during 1996, the rate of inflation was 2.5 per cent, compared with 2.5 per cent in 1995 and 2.3 per cent in 1994.

B. Public finance

12. According to the administering Power, total revenues for the financial year 1996/97 is estimated at B$ 473.1 million,[2] an increase of 10 per cent over 1995/96. Current account expenditure for 1996/97 amounts to B$ 435.0 million, an increase of 8.1 per cent over 1995/96. Total government debt outstanding by the end of 1996/97 will be B$140 million.

C. Banking

13. Foreign banks are not allowed to operate in Bermuda; therefore, local banks benefit from a quasi-monopoly in handling lucrative international business operations for offshore clients.

14. The Bank of Bermuda is ranked as the world's 684th largest bank, and the Bank of Butterfield is ranked 795th. A third bank, Bermuda Commercial Bank, founded in 1969 and the only bank owned by Bermudians of African ancestry, was acquired in 1993 by First Curaçao International Bank based in the Netherlands Antilles.

15. According to the administering Power, as of September 1996, the assets of the Bermuda banks stood at B$ 13,328 million. They included cash and demand deposits, B$ 460 million; time deposits, B$ 5,035 million; investments, B$ 4,916 million, loans and advances, B$ 2,254 million; premises and equipment, B$ 222 million; and other assets, B$ 441 million.

D. International business

16. The contribution made by international business companies to Bermuda's economy continued to be an important factor of the economic welfare of the Territory.

17. According to the administering Power, as of 31 December 1996, the total number of active international businesses registered in Bermuda was 9,272, comprising 8,466 exempted companies, 283 exempted partnership companies, 497 non-resident companies and 26 non-resident insurance companies. During 1996, the net increase in the number of foreign companies on the register was 526.

18. Bermuda is a leading world captive insurance centre and a favoured venue for specialist companies operating as financial reinsurers covering international companies against the cost of legal awards. The growth of this sector in Bermuda is attributable mainly to increasing rates for international reinsurance in Europe and North America, as well as to the Territory's financial regulations and the absence of a tax on profits, dividends or income.

19. The Registrar of Companies, who is the chief regulator of the territorial insurance industry, reiterated in recent statements that the standards and rules of acceptance in the industry must be kept high to screen out disreputable companies attempting to domicile in Bermuda. He also said that his department was increasing the level of its staff and improving its technical facilities in order to cope with the growth in the insurance and reinsurance market.

E. Transport and communications

20. Basic information on transport and communications is contained in the 1994 and 1995 working papers on Bermuda prepared by the Secretariat (see A/AC.109/1189, paras. 57-59, and A/AC.109/2020, paras. 22 and 23).

F. Tourism

21. During the period under review, tourism continued to constitute a major sector of the territorial economy and a principal source of foreign exchange.

22. According to the administering Power, in 1996, tourist air arrivals to Bermuda totalled 391,450 and cruise passenger

arrivals were 180,226, increases of 0.8 per cent and 6.2 per cent respectively compared with 1995. This increase in tourist and cruise passenger arrivals was attributed in part to a new advertising campaign and to an increase in scheduled cruise ship visits. During the period from January to September 1996, tourist expenditure totalled B$ 387.9 million.

23. According to the administering Power, the hotel industry continued to be an important employer in Bermuda and, as of July 1996, accounted for 4,236 jobs.

V. Social conditions

A. Race relations

24. It will be recalled that in his statement of 5 November 1993 (A/AC.109/1189, para. 75), the Governor announced the creation of a new Ministry of Human Affairs to deal with racial discrimination in the community, and to work with all concerned towards its elimination. The Ministry established a plan of action that consisted of measures in the following three areas:

(a) The Commission for Unity and Racial Equality (CURE) Act 1994 was enacted by the Legislature, and the Commission was established in the following year. The Commission is actively involved in working with individuals, employers, unions and institutions to promote better race relations through education and social programmes aimed at changing behaviours and improving attitudes on racial issues;

(b) The powers, scope and function of the Human Rights Commission were increased by amendments to the Human Rights Acts of 1981;

(c) Amendments were made to the Criminal Code to make "racial harassment" and "racial intimidation" criminal offences.

25. In 1995, the Government released a report entitled "Bermuda's Stride towards the Twenty-First Century", containing a sociological analysis of developments in Bermuda. The report highlighted the problems that stem from the continued existence of institutionalized racism and racism in the workplace and recommended that the Government take action to address those issues. CURE is currently addressing the issues identified in the report under the provisions set out in CURE's legislation, which empowers the Commission to publish a draft code of practice containing practical guidance for the elimination of racial and gender discrimination in employment. The Commission, after consultation with concerned organizations and associations in the community, is in the final stages of completing a draft of the code, which was due to reach the Minister in March 1997. The Commission has funded a diversity skills development programme, offered in collaboration with the NTL Institute of Washington, D.C., and the Bermuda College. The programme was designed to train facilitators to work with a variety of organizations and institutions on the issue of diversity and how to manage it in the context of Bermuda. A total of 60 people have been trained to date, and the aim is to increase this number to 100. Under the direction of CURE, these facilitators are active in carrying out workshops with institutions to eliminate institutional racial discrimination and remove all barriers to equal opportunity in Bermuda.

B. Labour

26. According to the administering Power, as of 1996, total employment in Bermuda was 34,633. The breakdown of the employment figures by industry was as follows: agriculture, fishing and quarrying, 503; manufacturing, 1,392; utilities, 516; construction, 1,896; wholesale and retail trade, 4,877; hotels, restaurants and clubs, 5,984; transport, storage and communications, 2,205; banks, insurance, real estate and business services, 5,307; public administration and defence, 4,468; education, health, community, personal and household services, 5,581; and international companies, 2,420.

C. Public health

27. The Ministry of Health and Social Services continues to be responsible for all aspects relating to public health. Medical care is provided by private practitioners and three government health clinics. Fees are charged for hospital care, and medical insurance is compulsory for all workers. A hospital levy covers the cost of services rendered by the hospitals to children under 16 years of age. Indigent persons over 65 years of age pay 20 per cent of hospital costs.

D. Crime and crime prevention

28. The administering Power reports that in July 1995 the new Commissioner of Police published the Service Strategy. This document addressed a wide range of problems, including a worrying increase in crime throughout Bermuda;

low deployment of officers on patrol; an excessively high ratio of officers of the rank of superintendent or above; an extremely low proportion of civilian staff; and police stations and accommodation that were cramped, badly designed or not of an acceptable standard.

29. The Bermuda Police Service Annual Report for 1995 stated that the number of true cases of indictable crime reported in 1995 was 5,233, a decrease of 640 or 10.9 per cent in comparison to the previous year's figures. Crime statistics for 1995 included the following: murders, 3; grievous bodily harm, 62; bodily harm, including injuries, 126; assaults on police, 13; and sexual assaults on females, 65. In 1994, the rate of crime detection was 38.54 per cent, compared with 36.28 per cent in 1995. Drug offences are not included in these detection rates. When they are included, the detection rate for 1995 was 40.05 per cent, compared with 42.45 per cent in 1994. The report noted that "the scourge of drugs and drug abuse continues to be a major factor in criminal activity in Bermuda". Approximately 80 per cent of all criminal offenders cite drugs as the root cause of their involvement in crime. During 1995, the Bermuda Police Service seized 109.32 grams of heroin, 8,915 grams of cocaine (an additional 31.27 kilogrammes was found on the shoreline), 12,887.87 grams of free-base cocaine, 430.73 grams of cannabis resin and 176 cannabis plants. The Police Narcotics Division also seized B$ 133,985.97 in cash.

VI. Educational conditions

30. Pursuant to the 1988 observations and recommendations of the Government's Education Planning Team, Bermuda's education system is in the final phase of an extensive restructuring project. The major recommendations of the Team were as follows: abolition of the secondary school entrance examination; introduction of middle schools, to which admission would be based upon enrollment in specified feeder primary schools; establishment of senior schools to which admission would be based upon parental choice and the availability of space, with the option of random selection should either of the two senior schools be oversubscribed; and education of all children, including children with special needs, should be undertaken in the least restrictive environment, with the consequent closure of the majority of existing special schools.

31. According to the administering Power, the restructured school system will be in place in September 1997 with the opening of the middle schools, and with the establishment of a new, state-of-the-art senior school. An existing secondary school is to be refurbished to become the second senior school. Eighteen primary schools will provide a six-year programme from Primary 1 to Primary 6, and students typically will range in age from 5 to 10 years. Five middle schools will receive students from the feeder primary schools in their respective areas. They will provide a three-year programme from Middle 1 to Middle 3 for students from 11 to 13 years of age. The two senior schools will provide a four-year programme from Senior 1 to Senior 4 for students from 14 to 17 years of age taking a broad range of subjects. Besides the traditional courses in science, mathematics, English language, social studies and foreign languages, subjects will include an increased emphasis on information technology as well as technological studies to replace the outdated industrial arts programme. Graduates of the system will go either directly into the workforce or will continue their education at the Bermuda College or at colleges and universities abroad. The Government also provides preschool education for four-year olds.

VII. Future political status

A. Independence referendum

32. It will be recalled that on 24 March 1995, the territorial House of Assembly adopted the Independence Referendum Act by a vote of 20 to 18, over strong objections by the opposition PLP but with the full support of UBP. On 5 April 1995, following protracted discussions, the bill was approved by the Senate without a negative vote from the three PLP senators. PLP had previously stated that although it supported independence, it opposed a referendum. The voting formula required that at least 40 per cent of those on the electoral roll vote in the referendum in order for the winning option to constitute a mandate. A simple majority would then decide on the future of the Territory and make the referendum binding. The referendum was held on 16 August 1995. According to the administering Power, 58.8 per cent of registered voters participated in the referendum. The results of the referendum were as follows: 25.6 per cent voted in favour of independence; 73.7 per cent voted against; and 0.7 per cent abstained. Following the referendum, Sir John Swan, Premier of Bermuda, resigned and was replaced by Mr. David Saul, former Finance Minister.

B. Position of the territorial Government

33. It will be recalled that in September 1995, Mr. David Saul, Premier of Bermuda, stated that "independence was water under the bridge" and that the "issue would not be raised again during the life of the current parliamentary session". That position remained unchanged during the period under review.

C. Position of the administering Power

34. On 18 December 1996, the United Kingdom Foreign Office Minister, Sir Nicholas Bonsor, announced the following:

> "In the light of recent experience, Her Majesty's Government has examined actual or potential problems in the five Caribbean dependent Territories. Considerable improvements are being made in the administration of the Territories and their good government. However, it has become clear that some extension of those powers which may be exercised by Her Majesty's Government may be needed. We will take it into account in our continuing discussions with each of the five Governments concerned and make changes if and when necessary. We attach importance to our continuing friendship and close cooperation with the Territories in the interests of their well-being and future prosperity."

35. On 9 October 1996, in a statement to the Special Political and Decolonization Committee (Fourth Committee), the representative of the United Kingdom said, *inter alia*:

> "The United Kingdom has 10 dependent Territories which come under the agenda of the Fourth Committee. It is right therefore that the United Kingdom should take this opportunity, as in previous years, to make its national position known to the Committee.
>
> "The United Kingdom remains firmly committed to the principle of self-determination, reflecting the wishes of the people concerned, and exercised in accordance with the other principles and rights set out in the Charter of the United Nations, as well as other treaty obligations ...
>
> "... The British record on decolonization is a good one. The United Kingdom continues to take very seriously its obligations under the Charter to develop self-government in our dependent Territories. We make every effort to ensure that information on the Territories is provided to the Special Committee, as required by Article 73 *e* of the Charter ...
>
> "Within the constraints of treaty obligations, we remain firmly committed to ensuring, in cooperation with the locally elected Government, that the constitutional frameworks of our dependent Territories continue to meet the interests and wishes of their peoples.
>
> "Each of the Territories holds regular and free elections at which all parties are free to advocate whatever constitutional proposals they wish ... The United Kingdom is fully prepared to consider any proposals put forward by the people themselves.
>
> "The United Kingdom also takes seriously its obligations in responding to the economic needs of our Dependent Territories. The reasonable economic and financial needs of our Territories remain a first call on our aid programme ..."[3]

36. On 27 March 1997, in a statement to the General Assembly, the representative of the United Kingdom said, *inter alia*, that the United Kingdom fully accepted its obligations under the Charter of the United Nations as an administering Power (A/51/PV.94).

D. Action by the General Assembly

37. On 27 March 1997, the General Assembly adopted without a vote resolution 51/224 B, section III of which particularly concerns Bermuda.

Notes

[1] Information contained in the present working paper has been derived from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations on 13 January and 19 March 1997.

[2] One Bermuda dollar (B$ 100) is equivalent to one United States dollar (US$ 1.00).

[3] For a summary of the statement, see A/C.4/51/SR.4, paras. 59-62.